

Support for PLCs

Beavis Morgan – an expert source of objective advice



TAX

- Tax compliance & reporting
- iXBRL tagging
- International structures
 - Profit repatriation
 - Use of losses
 - Transfer pricing
 - Withholding tax
- VAT and PAYE consultancy
- R&D tax credits

M&A

- DD on potential acquisitions
- Sales mandates and information memoranda
- Tax integration
- VAT on acquisition costs
- SSE on disposals
- Financial modelling
- Valuations
- Access to risk capital

REGULATORY

- Prospectuses and financial promotions
- Code advice, rule 3, code waivers, white-washes and general advice
- ISDX corporate adviser
- Advice on fundraising, the various public markets and regulatory compliance
- Financial reporting, auditing and assurance

PERSONAL TAX

- Wealth management
- Tax returns – compliance & reporting
- IHT/Estate planning

SHARE STRUCTURES

- Design and implementation of share plans
- Share valuations
- Entrepreneurs' relief (10% CGT rate)

INFRASTRUCTURE

- Payroll processing
- Company secretarial
- Outsourced accounting
- Support overseas

CREATING A STRUCTURE FOR INTERNATIONAL BUSINESS

Doing business overseas can bring unexpected and unwanted complications giving rise to significant tax issues.

This is especially the case when royalty income is anticipated, which increases the likelihood of the application of withholding tax by the overseas entity.

Our client was planning to market a product in the US which would involve the granting of licenses in return for royalty income. There was also the possibility of similar income from various European territories.

Our role was to:

- Implement the appropriate procedures with the US tax authorities to dis-apply withholding tax
- Identify an optimum off shore entity to initially receive US royalties, recognising the possibility of future European income, in a territory applying a low rate of corporation tax but with treaties in place with both the paying countries and the UK
- Devise a methodology to sell the existing Intellectual Property rights to the offshore entity without crystallising a tax charge
- Determine and document a transfer pricing policy

RESOLVING A RULE 9 OFFER

Our client inadvertently became involved in a concert party obliged to make a bid for the entire share capital of the company after a hostile stake building by a potential acquirer. The potential damage to our client if the hostile party succeeded in obtaining voting control was significant.

Upon reviewing the position with the client it became apparent that it was in their interest to make the bid rather than to seek a whitewash – if that was at all possible.

We acted for the concert party, dealing with the Panel on Takeovers and Mergers and coordinated all the other professional advisers involved in the bid throughout the process. We drafted and made the appropriate announcements and publications through the process.

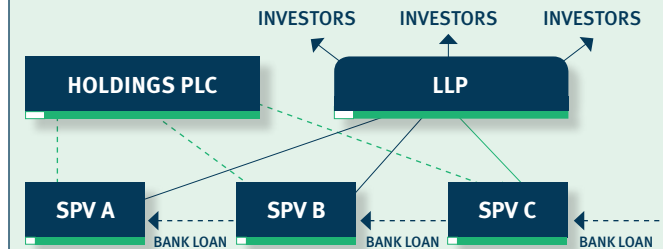
At the end of the bid period our client had clear control of the company and the fees were in reasonable proportion to the funds involved which can be a significant problem for smaller PLC's.

REDUCING THE TAX BURDEN ON PROPERTY JVs

We were asked to advise a quoted property company who habitually entered into Joint Ventures with private individuals.

The main issue was that these individuals received a straightforward profit share, together with interest – both receipts being fully taxable as income at up to 45%.

WE RECOMMENDED A HYBRID STRUCTURE AS FOLLOWS:



The major benefit was that the individuals could receive their profit shares as capital payments from the LLP. Careful drafting of the LLP agreement meant that the various investors would enjoy only the profits of the particular developments undertaken by their chosen SPV. Their maximum tax rate would therefore be CGT at 28%, with the possibility of Entrepreneurs' Relief reducing this to 10% depending on their circumstances. In the meantime, the PLC paid no further tax as their profit share was received by way of dividend.

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